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Legislators and governor reach agreement on budget

Lansing – Sen. Tom George (R-Texas Twp) today announced a compromise to solve Michigan's \$920 million budget deficit that guarantees an income-tax cut in 2004 while providing additional revenue to soften cuts to public schools, higher education and local governments.

The agreement includes two of George's initiatives. As part of the compromise the House and the governor have agreed to enact George's Senate Bill 673, which includes an incentive for small businesses to provide greater healthcare benefits to their employees. The bill reduces the tax businesses are assessed on health insurance premiums.

Also incorporated in the budget agreement was George's proposal to reduce the governor's proposed cuts to revenue sharing and higher education from 6 percent to 5 percent by broader distribution of the \$77 million realized by pausing the income-tax rollback for six months.

"I was pleased to play a part in the budget discussions and am glad the final product incorporated some of my ideas," George said. "

George added the Senate, the House of Representatives and the Governor's Office each compromised to reach the deal, which also includes an additional \$12 million in administrative cuts for state government that were not in the initial plan.

Under the deal, small businesses in Michigan will see a 50-percent reduction in one of the state's most onerous tax burdens. The tax cut will open the door for greater healthcare benefits for working families. The taxes paid by employers on healthcare benefits under the state's Single Business Tax will drop by 5 percent starting in January 2004. The tax drops another 15 percent in January 2005, another 20 percent in January 2006 and an additional 10 percent in January 2007.

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